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Report of the Secretary-General on the United Nations Mission of Support in East Timor

I. Introduction

1. The present report is submitted pursuant to Security Council resolution 1410 (2002), in which the Council decided to establish, as from 20 May 2002, for an initial period of 12 months, the United Nations Mission of Support in East Timor (UNMISET). In paragraph 13 of that resolution, the Security Council requested the Secretary-General to keep it closely and regularly informed of progress towards implementation of the resolution, including, in particular, progress towards achievement of the milestones in the mandate implementation plan. The present report describes the activities of UNMISET since my report dated 6 November 2002 (S/2002/1223).

2. A disturbing series of security-related incidents occurred in the Democratic Republic of Timor-Leste in the last months of 2002 and the early months of 2003. These were the subject of oral briefings to the Security Council on 4 and 13 December 2002 and 7 January 2003. In a special report dated 3 March (S/2003/243), a number of adjustments to the downsizing plan for UNMISET to allow the Mission to accomplish its mandated tasks within this changed environment were proposed. In resolution 1473 (2003), the Security Council endorsed proposals for the adjustment of the downsizing of the Mission's police component, supported a revised schedule for the downsizing of the military component, and requested a detailed military strategy for the revised schedule. The present report also responds to that request.

II. Political developments in Timor-Leste

3. The most striking development over the reporting period was the change noted above in the security environment. The search for a solution to these immediate problems should however be viewed in the context of the long-term process of establishing a viable independent State. The strengthening of Timor-Leste's political institutions and a non-political, professional administration, together with the progressive development of a culture of responsible governance and a tradition of pluralistic, democratic debate, are essential for the country's stability and social and economic progress. The continuing commitment of the Timorese leadership and the full support of the international community are essential if these processes are to succeed.

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4. The ratification on 10 December 2002 by the National Parliament of a package of six core international human rights treaties as well as four optional protocols was of particular importance as a symbol of the country's commitment to the promotion and protection of human rights. During the reporting period, the Government of Timor-Leste has emphasized the importance of more open, participatory and accountable governance. It has established a practice of dispatching Secretaries of State and Vice-Ministers to serve within outlying districts for extended periods, while senior Timorese officials have also undertaken more frequent visits to those areas.

5. The continuing efforts of the leadership of Timor-Leste to engage a wide variety of Timorese sectors in political debate are essential for the productivity and the stability of the country's political structure. On 25 January the President of Timor-Leste, Kay Rala Xanana Gusmão, sponsored a "National Dialogue" meeting in an attempt to address some of the issues and the demands of the Popular Defence Council of the Democratic Republic of Timor-Leste, a group that rejects the transitional process, claiming that it violates the sovereignty of the country. In response to continuing expressions of dissatisfaction by former combatants and veterans, commissions established by President Gusmão have begun an identification process as a step towards finding appropriate means to recognize their contribution to the country's independence. Meanwhile, eight opposition political parties with representation in the National Parliament recently signed a Protocol for the Establishment of the Platform of National Unity.

6. The Government has designated 2003 as the Year of Administrative Restructuring and Justice to emphasize those two broad areas of activity as priority concerns. On 10 February the Government recruited 65 new administrators at the sub-district level. While these appointments are expected to improve the delivery of services, the fact that the overwhelming majority of those appointed belong to the ruling party, Fretilin, has given rise to concerns that this could favour a more political character in the administration, and has highlighted the importance of a non-political selection process. Responsibilities for State administration and the interior were divided between two separate ministries during the month of February. Proposals for the election of chiefs of smaller administrative (or Suco) units are being discussed within the Government.

7. Continuous progress has been made in the development of the relationship between Indonesia and Timor-Leste. In February the new Ambassador of Timor-Leste assumed his duties in Jakarta, while Indonesia has indicated that it will soon replace its current Representative Office in Dili with a formal embassy. The technical group for demarcation and regulation of the border between Indonesia and Timor-Leste, which includes members from both countries, met in Dili from 18 to 20 March 2003, following the initial postponement referred to in my special report. That meeting suggested that approximately 80 per cent of the boundary between the countries could be agreed relatively easily after joint field verification. It nonetheless remains uncertain that Indonesia and Timor-Leste will reach agreement by 30 June 2003 on a line that constitutes the border, despite their formal commitment to that objective. Progress will depend upon additional efforts by the two countries, and will also require external assistance for the conduct of field surveys and other technical tasks.

8. Furthermore, while other technical groups have prepared for signature draft arrangements that would establish a soft border regime, regulate markets in the border areas, and facilitate information exchange between police forces along the border, there has been little progress towards the implementation of the previous agreement on the establishment of a bus service to link the Oecussi enclave with the rest of Timor-Leste, and on the informal arrangement that would allow residents of Oecussi to cross into neighbouring areas of West Timor without passports or visas. For both economic and humanitarian reasons, it is imperative that an additional effort be made to resolve these issues.

9. In the long term, relations between Indonesia and Timor-Leste will also be enhanced by bringing to justice those in the two countries who are accused of serious crimes committed in 1999; again, political commitment is essential if this objective is to be achieved.

10. The Government of Timor-Leste has also continued its efforts to develop its relationship with other States in the region and beyond. Timor-Leste joined the Movement of Non-Aligned Countries at the summit held in Kuala Lumpur in February and is expected to become a regional member of the Economic and Social Commission for Asia and the Pacific on 30 April.

11. Significant progress on agreements concerning petroleum resources should help pave the way for the further economic development of Timor-Leste. On 6 March, Timor-Leste and Australia concluded the International Unitisation Agreement on the Greater Sunrise field, straddling the Joint Petroleum Development Area in the Timor Gap, on the understanding that the Agreement does not prejudice their positions in the maritime boundary negotiations. Also during the reporting period, on 2 April, Australia and Timor-Leste ratified the Timor Sea Treaty, providing, inter alia, for the sharing of revenues from the Treaty area between the two countries, 90 per cent being awarded to Timor-Leste. The income from these developments will constitute a crucial element in the country's future revenues and, with careful management by the Government, can represent a key resource to support the well-being of the population and the economic and social success of the country.

III. Contribution of the United Nations

A. Contribution of the Mission

12. During the reporting period, UNMISET, in consultation with the Government and people of Timor-Leste and in cooperation with bilateral donors, continued to work towards the objectives identified in the mandate implementation plan. It is however apparent that, in a number of areas, further assistance will be required to complete the tasks being undertaken by UNMISET. As indicated below, the role of bilateral contributions will become increasingly important as the Mission works to support a transition to a normal development framework.

Programme I
Stability, democracy and justice

1. Support for the public administration of Timor-Leste

13. The public administration of Timor-Leste has continued to develop during the reporting period. The Government has filled nearly 15,000 of 16,000 budgeted posts within the administration, which is showing increasing readiness to assume its full responsibilities. The availability of mid-level managers is limited across the entire spectrum of public administration, however, while the lack of enabling legal frameworks, institutionalized administrative systems and operating procedures continues to represent a serious hurdle, as does the relative scarcity of essential skills and capacity.

14. The advisers in the UNMISET Civilian Support Group continue to play a crucial role by transferring knowledge and skills to Timor-Leste counterparts, in addition to supporting the functioning of the administration when this is essential. Advisers are serving the Government of Timor-Leste in 15 ministries and offices. UNMISET monitors their progress in achieving tasks outlined in a work plan that is prepared in consultation with Government supervisors. To maximize the benefits acquired by Timorese officials, civilian advisers are expected to mentor the available group of officers even though they may not technically be counterparts. Language training is being provided to advisers to enhance their impact.

15. In accordance with the Mission's mandate implementation plan, the Civilian Support Group is scheduled to complete most of its activities in the areas of essential services and legal systems in November. At that time, it is expected to implement a 30 per cent reduction, while its remaining functions in the areas of financial and central services, as well as internal services, are scheduled to end by May 2004. In order to promote a smooth process of reduction and withdrawal, advisers have been charged with developing manuals and standard operating procedures as a legacy that can be consulted by Timorese civil servants in the future, and can be used for training by the Timorese Civil Service Academy.

16. Further assistance will be required in a number of areas even after the Civilian Support Group completes its work. In this context, UNMISET, in consultation with the Government of Timor-Leste and the United Nations Development Programme (UNDP), is elaborating a strategic plan that identifies areas of need where bilateral support may be required following the withdrawal of the various advisers, and proposes a road map for the further development of critical skill and capacity. The plan is scheduled for release by mid-2003, with a view to facilitating the progressive replacement of civilian advisers with bilaterally funded counterparts as required, in order to maintain continuity of training.

17. The experience of Timor-Leste highlights the problems that can be posed by reliance upon bilateral contributions, however. Approximately a year ago, the Government identified a crucial need for the provision of 228 development advisers, beyond the 100 advisers within the Civilian Support Group. Of this total figure, only 48 have been provided to date, while as many as 130 such advisers may be present in the mission area by mid-2003 if donors fulfil all their undertakings in this regard. This would still leave a shortfall of some 100 posts deemed critical.

18. The functioning of Timor-Leste's justice system continues to be hampered by severe shortages of skilled and experienced professional personnel, and limited physical infrastructure. This has resulted in delays in the administration of justice, leading to prolonged pre-trial detention and detention without the necessary legal foundation, as well as overcrowding in the prisons and unrest among inmates. It has also favoured an increased reliance on the traditional dispute settlement mechanisms, even where they may not provide adequate protection for the rights of minorities, vulnerable groups and women.

19. In November 2002, building upon the UNMISET plan referred to in my previous report, the Government of Timor-Leste and UNDP conducted a review of the justice system with a view to identifying the areas most in need of support from the international community and to establish strategies to improve access to justice for the community. The review highlighted a number of serious concerns, including training needs, inadequate access to justice for the population, and lack of facilities and case management procedures. A comprehensive justice sector support programme is now being finalized; it is expected that considerable donor support will be needed.

20. The five-member Superior Council of the Magistracy, responsible for the appointment, promotion, discipline and dismissal of judges, was constituted in February 2003. This important body is not yet operational, however, since the President of the Court of Appeal, who would also serve as ex-officio President of the Superior Council, has not yet been sworn in. This has in turn prevented the formal appointment of two international judges to the Court of Appeal, which has not functioned since December 2001. At the time of reporting, 39 appeals are pending before the Court, including eight appeals from decisions of the Special Panels for Serious Crimes.

21. At the beginning of April 2003, Timor-Leste's three prisons held 344 inmates, the largest number, 238, being held at Becora; Gleno has 76 prisoners and Baucau 30. With regard to the recommendations of the joint assessment mission on corrections referred to in my previous report, there has been progress in the development of a project to establish a juvenile facility, and employment for long-term inmates is being facilitated through non-governmental efforts. However, other projects recommended by the Mission, including the development of a code of conduct for prison staff, the development of a mechanism to deal with breaches of discipline by inmates, transportation for social workers responsible for prisoner rehabilitation and the establishment of a prison oversight mechanism, as required by regulation 2001/23, on prisons, of the United Nations Transitional Administration in East Timor (UNTAET) have not yet been implemented. The main recommendation of the joint assessment mission, the creation of a National Corrections Commission with the aim of defining, formulating and establishing the strategic direction for the Prison Service, has not been accepted by the Government.

22. The Office of the Provedor for Human Rights and Justice, an independent institution provided for in the Constitution, is in the process of being established. While the drafting of the legislation that will define its mandate is not yet complete, it is likely to be given responsibility for safeguarding and promoting human rights, ensuring the transparency and accountability of public administration and fighting corruption. However, in order to be effective, the Provedor's office will require

substantial resources. I encourage the international community to support this critical institution, which will require substantial resources.

2. Assistance in the conduct of investigations of serious crimes

23. Free and fair trials, and impartial dispensation of justice, will be the key to reconciliation and will contribute to promoting of the rule of law in Timor-Leste. The Security Council has repeatedly emphasized the importance that it attaches to the successful completion of this process. International support remains crucial for the process of bringing to justice those responsible for serious crimes in 1999.

24. UNMISET assists this process through its Serious Crimes Unit, which is headed by an international Deputy Prosecutor General who reports functionally to the Timorese Prosecutor General. According to the mandate implementation plan for UNMISET, the Serious Crimes Unit was expected by the end of 2002 to complete its investigations into 10 priority cases, as well as 5 additional investigations into widespread patterns of serious violence. This process has been slower than had been hoped, owing to constraints in the justice system and a lack of specific resources, as indicated in my previous report (S/2002/1223). Progress has now been made, however, and indictments have been filed in 9 of the 10 priority cases. To date, 60 indictments have been filed against 247 persons, 141 of whom are accused of crimes against humanity; 19 of those indictments, including 12 for crimes against humanity, were filed during the reporting period. As required, UNMISET is providing legal defence to those indictees whose cases come to trial, while also providing training to Timorese counterparts. Capacity-building of Timorese investigators and prosecutors has continued, supported by the efforts of UNMISET and bilateral donors.

25. It is expected that the investigation into the last of the 10 priority cases will be complete by May 2003, and the relevant indictments filed in June 2003. Once the investigation is completed the Serious Crimes Unit will focus on the provision of assistance to the prosecution and the conduct of supplementary investigations, as required, during the trials, and on the investigation and indictment of other crimes against humanity, such as murder, rape and torture, committed in 1999 in other districts of Timor-Leste that remain uninvestigated or partially investigated so far.

26. Regardless of the efforts that can be made, the judicial process dealing with serious crimes will remain incomplete by June 2004. It should be expected that many cases will remain unheard at the appellate level by that time, and that a number will not have been decided at the level of first instance. As yet no legislation exists in Timor-Leste for the appointment of future Deputy Prosecutors General, or potential successors to the current incumbent in this post. Continuing external assistance will be required to complete this process.

27. Strong political commitment will also be essential. The majority of those accused remain outside of Timor-Leste, including nearly 90 per cent of those accused of crimes against humanity. It is crucial that these indictments for serious crimes be respected, on grounds of principle and of precedent, and that the individuals involved face trial.

28. Through its Human Rights Unit, UNMISET provides support and advice to the Commission for Reception, Truth and Reconciliation. In all 13 districts of the country, the Commission is conducting a programme of truth-seeking, conducting community reconciliation procedures and holding community discussions. By the

end of March, the Commission had taken approximately 2,500 statements, of a target of 8,700 in total; had begun a national research programme; and had held two national public hearings. The Commission is also attempting to engage in outreach activities involving the East Timorese resident in Indonesia. Further support may be required for outreach, case-processing capabilities and political analysis.

Programme II
Internal security and law enforcement

29. Over the reporting period, UNMISET has continued to undertake executive policing while supporting the development of the National Police of Timor-Leste (PNTL). The Timor-Leste police now number 2,530. In addition, 253 general recruits commenced training at the Police College on 31 March 2003. These recruits are expected to become probationer recruit agents in June 2003 following three months' training. In a recent round of promotions, 24 officers were advanced to the rank of Inspector, and assumed important management positions, including Deputy Commissioner Operations, Deputy Commissioner Administration, Chief of Operations, National Investigations and District Commander roles. It is expected that additional key positions will be filled in the next few months.

30. The National Police are responsible for routine policing matters in 7 of Timor-Leste's 13 districts. The police have worked hard to win the confidence of the communities where they are deployed, and have effectively undertaken the task of routine patrolling. The assumption by PNTL of responsibility for policing in Lautem District on 3 April 2003 marked the first time that the Government had taken on concurrent police and defence responsibilities in a single district. Close coordination between military and police will be essential to ensure that PNTL retains primacy for the maintenance of law and order and internal security within the District. UNMISET will continue to assess these working arrangements and to provide support as necessary.

31. Further efforts are required for the Timorese police to play the role in internal security that is envisaged by the country's leadership. PNTL must prepare to meet the evolving operational challenges posed by civil unrest and an apparent resurgence of activity by armed groups, as noted in my special report, while its assumption of responsibility for districts such as Baucau, Viqueque and Dili may pose particular problems. Yet resource constraints remain significant, including in the areas of transportation, communication and other equipment, including non-lethal riot control equipment. More fundamentally, management and human resource policies for the force have yet to be developed, as does a political and legal framework.

32. The PNTL crowd-control capability is already undergoing further extensive development. The Government of Timor-Leste also plans to form rapid deployment groups within PNTL. These groups, which would ultimately include a total of 500 officers, would comprise highly trained, well-equipped formed units to respond to the challenge posed by armed groups. They would be stationed in the districts of Cova Lima, Bobonaro, Ermera, Viqueque and Baucau; it is planned that the first of these forces would be deployed early in 2004, to become a point of contact with armed groups as the military component is withdrawn.

33. As provided for in resolution 1473 (2003), the adjustment of the Mission's capacity for police training in key areas, greater emphasis on human-rights and rule-

of-law elements, and the retention of a greater monitoring and advisory presence in districts where policing authority has been handed over to PNTL should contribute to enhancing the effectiveness, professionalism, accountability and responsiveness of PNTL and equip it better to meet the emerging challenges. The relevant recruitment process for specialized advisers is already under way. Meanwhile, the operational responsibilities of civilian police will be reduced as responsibility for routine policing is handed over. This would permit a gradual downsizing of the police component, from approximately 625 at the beginning of June 2003 to 325 at the beginning of 2004. In view of the time required for the development of Timor-Leste's police capacity, the inclusion within UNMISET of a formed police company to respond to civil disturbance, as envisaged in resolution 1473 (2003), represents a crucial short-term measure to address urgent needs, as does the adjustment of the strategy and downsizing plan for the military component described below. As reflected in my special report, appropriate safeguards and arrangements for command and control will be crucial to enable the military component to play an active role during the final year of the Mission's mandate, and to ensure that UNMISET has full control of the mechanism that would trigger military back-up to police.

34. As mentioned in my special report (S/2003/243), representatives of the Government, the United Nations and donor countries conducted a joint assessment mission to determine Timor-Leste's policing needs, from 17 to 30 December 2002. The mission's main objectives were to assess the handover of executive authority to the National Police in relevant districts; to assess progress against the timetable for the development of the National Police; to assess the current PNTL capacity; to recommend strategies to address PNTL needs; and to develop a PNTL capacity-building programme.

35. The Government of Timor-Leste is drawing upon the road map provided in the report of the joint assessment mission on policing to elaborate a national strategy for the long-term development of PNTL. The report highlighted in particular the importance of enhanced management capability within PNTL, while identifying a number of specific needs. UNMISET facilitated the first meeting of the PNTL Institutional Capacity-Building Committee on 7 April, under the leadership of the Minister of the Interior, to launch the development of a 12-month plan of action to address serious institutional challenges. An international workshop on institutional capacity-building of the police, to be held in Dili on 22 and 23 April 2003, will provide an opportunity for the Timorese leadership, together with UNMISET and donor countries, to further discuss practical means to respond to the recommendations in the report of the joint assessment mission. UNMISET together with the Department of Peacekeeping Operations will support the implementation of this process.

36. While the Government recently promulgated a code of conduct for police, the legal framework for policing continues to be based on the relevant UNTAET regulation. To promote the confidence of the community in PNTL, it will also be essential to establish institutional safeguards to ensure that police operations are transparent, accountable and consistent with accepted policies, and to create external and independent complaints and oversight mechanisms.

37. Following the attacks of January 2003 in Ermera District, the Government has encouraged the formation of village-based security groups to assist the police and

military peacekeepers in addressing the threat posed by armed groups. While such cooperation could in principle enhance the effectiveness of law-enforcement efforts, it will be important to ensure that this does not favour an unintended pattern of unregulated or politically driven use of force by semi-formal groups.

Programme III
External security and border control

1. Support for external security and territorial integrity

38. The military component of UNMISET continues to provide support for the external security and territorial integrity of Timor-Leste, while ensuring the timely handover of responsibilities to the national defence force, Falintil-FDTL, and to relevant public administration departments. As detailed in my special report, this task has become more challenging over recent months, as there is increasing evidence that armed groups and former militias are seeking to establish support within the country with the object of undermining stability. International military capability will be essential in the coming months to promote security in the area of the Tactical Coordination Line, and to provide a short-term response to the threats posed by armed groups, whose tactics, weapons and training in a frequently difficult terrain exceed the capacity of any other security force, while the Timorese forces obtain the necessary capability to assume this task; and to check the development of other threats that could overwhelm Timorese forces at the time of the withdrawal of UNMISET.

39. After its consideration of my special report, and of a letter dated 28 March 2003 from the Under-Secretary-General for Peacekeeping Operations (S/2003/379, annex), the Security Council in resolution 1473 (2003) approved a revised downsizing schedule for the UNMISET military component that will be of assistance in effecting an appropriate strategy to achieve this objective. As determined in the resolution, UNMISET will retain the two composite infantry battalions currently deployed within the region adjoining the Tactical Coordination Line, together with associated force elements, including mobility.

40. Within the capacity provided by this revised downsizing schedule, the military component would adopt the following strategy:

(a) Improve its ability to use information to assist in the tactical employment of the infantry forces available;

(b) Assist in greater coordination and exchange of information with UNMISET police and with Timor-Leste security agencies to improve effectiveness;

(c) Promote relations with the public and enhance public understanding of the military component's role;

(d) Make more effective use of the forces available and seek a more timely response in the event of incidents requiring employment of peacekeeping forces.

41. The planned configuration of the military component over the coming months will be adapted in several respects to facilitate this strategy. Rather than withdrawing from the Cova Lima district, forces in Sector West will remain as currently deployed. The tactical headquarters in Sector West will continue to manage day-to-day operations in this sector while formed units will continue to be

employed in their current areas of operation on tasks that are essentially the same as those conducted at present. Additional flexibility will be facilitated by the assumption of responsibilities at the Tactical Coordination Line by the agencies of the Government of Timor-Leste; as indicated below, this would permit the military component to discontinue its presence at established security posts at the junction points, although it would continue to provide back-up through established procedures with United Nations police. A similar arrangement has been adopted in Oecussi, where it is planned that responsibility for border crossings will be handed over to PNTL and the Timor-Leste Border Customs Service on 17 April. This would assist the UNMISET military component in making a complete withdrawal from Oecussi before the end of the year. Besides these changes in the formed units, the military component's public and military information capabilities will be somewhat enhanced through the addition of a number of specialist personnel. The force levels deployed in the central region, including those in Dili and Baucau, will remain unchanged until the end of the year.

42. The implementation of elements of this strategy has already enabled the military component to make some progress in addressing the threat posed by armed groups. Of those involved in the 24 February killings in Bobonaro, one was apprehended immediately, while another was killed as a result of an engagement with peacekeeping forces; a further six suspects were apprehended by the Indonesian authorities in West Timor for their alleged involvement in the incident. Peacekeepers located a campsite used by the group, where they found weaponry including a semi-automatic rifle, a fragmentation grenade, nearly 1,000 rounds ammunition, and other military equipment, as well as a diary that suggested the existence of a number of other, similar groups. Close cooperation between military peacekeepers and the police and civil authorities also led to the capture on 8 March of a man armed with a semi-automatic weapon in Hatoulia sub-district. Furthermore, close cooperation between the military component and United Nations Police has seen the establishment of a Joint Information Group to coordinate the collection of information, its analysis and subsequent responses to it. This coordination has been manifest in a number of joint searches for suspected weapons caches, armed groups and suspect individuals.

43. In accordance with the guidelines established by the Security Council, the military component would aim to reach a total of 1,750 by the end of this year. In the interim, the military component would be reduced to a total strength of 3,500 by July 2003 and to 3,300 by October 2003. The limited infrastructure and resources available to conduct rotations and repatriations will however necessitate careful scheduling of troop movements during these months, and may result in some minor changes in timing.

44. When the military component reaches a strength of 1,750, it will be structured around two infantry battalions, with responsibility for the western and eastern parts of the country respectively. Once the requisite Timor-Leste capability and capacity is operational and able to take a lead responsibility in addressing the challenges identified above, the reconfigured military component would act as a deterrent and respond preventively to threats to the security environment; at the same time, it would seek to retain the trust and confidence of the Timorese people, including through public information activities, and to maintain cooperation and information-sharing with Timorese agencies.

45. With the closure of Sector West headquarters at the end of the year, it is intended to adopt a modified command structure, according to which the military component will be commanded by a Major General, supported by an integrated force headquarters with three full colonels, one of whom would serve as Chief Military Observer. This structure would remain until the planned cessation of the operations of the military component in May 2004.

46. In the context of the downsizing process, the effectiveness of the military component will depend largely on the degree to which it has the mobility necessary to compensate for its reduced numbers and for the increased areas of responsibility of individual units. It will be crucial for troop-contributing countries to minimize the restrictions placed on the use of their forces. Furthermore, the tactical air mobility available to the military component is already stretched to the limit, and would be reduced further under current plans, although this operational requirement will continue into the early part of 2004. Provision of the necessary capability in this area will have a direct impact on the ability of the military component to play the role expected of it.

47. Development of the Falintil-FDTL continues and is making steady progress. The second of the two planned infantry battalions is expected to become operational by the end of this year. Under current plans there will be no further handover of defence responsibility for districts until 2004. This decision was taken in conjunction with the Falintil-FDTL in order to minimize the operational demands on it and thereby support its development. It should be noted however that the development of the defence force continues to rely on support from donors willing to provide equipment, training and facilities. The provision of bilateral training teams by Member States remains one of the most effective means of developing the Falintil-FDTL in the timely manner required to ensure an effective exit by the UNMISET military component.

48. As noted in my special report, discussions continue with the Government on the most effective way of further developing the capability and capacity of the F-Falintil-FDTL. A number of options for the individual operations of each military organization, and the ways in which interactions, including exchange of information, within these options could occur have been framed for consideration. These require further development prior to consultation with troop-contributing countries to ensure that they have their support and understanding prior to implementation. To date, Timor-Leste has yet to make further enhancements to defence and security through bilateral arrangements.

2. Assisting in the development of border security and control

49. A stable and well-established border regime is essential to internal security. The Government of Timor-Leste is committed to the demilitarization of the border on the Timor-Leste side, and seeks to promote the direct engagement of the relevant Timor-Leste civilian agencies with their Indonesian civilian agency counterparts. Border services comprising PNTL border patrol and immigration officers have been trained and are deployed at each of the border crossing points, and in some cases are deployed alongside Customs Service officers. The Government envisions that security in the area will be maintained primarily by two units of PNTL, namely, the Border Patrol Unit and, ultimately, the rapid deployment groups described above.

50. The police component, together with the military component and the civilian administrative staff of UNMISET, have sought to enable the Border Patrol Unit to assume its duties fully by the end of June. While troop-contributing countries have contributed some facilities and equipment to the Unit, deficiencies continue to exist, particularly in regard to vehicles, weapons and some aspects of infrastructure, such as drinking-water wells at border crossings.

51. As noted above, the military component will continue its programme of active patrolling behind the border to deter and resist incursions, while retaining its ability to support PNTL units, should challenges arise that exceed their capacity. Border Liaison Teams of military observers also plan to withdraw, but observers will continue to monitor border functions through regular visits.

B. Role of the United Nations system

52. The ratification of the Timor Sea Treaty has led to hopes of significant gas and oil revenues in the near future. Timor-Leste remains the poorest country in South-east Asia, however; more than 60 per cent of people in the country live on less than $1 a day, and up to 40 per cent live below the poverty line, on less than 55 cents a day. Large numbers of young people continue to leave the country in search of employment abroad, as economic activity continues to be slow and is hampered inter alia by the continuing reduction of the international presence and the still relatively unpredictable security situation. While the Parliament has adopted legislation that provides a regime to distinguish between public and private property, no legislation is yet in place to regulate differences between competing private interests.

53. The Government's current budget stands at about US$ 74.2 million for the year 2002/03 compared to $53.1 million for the year 2001/02; the annual level of international or development partner support is estimated to be more than $190 million in 2002/03. The Government is drawing on the priorities established by the National Development Plan in planning the next national budget. The Council of Ministers has approved a stabilization programme with activities that cater to the urgent need of the population over the next 18 months and have quick impact on rural communities and employment generation.

54. The Government's immediate and longer-term development efforts draw on support provided by UNMISET and by United Nations agencies, funds and programmes, the World Bank and Member States, in cooperation with civil society and the private sector.

55. The Government's Recovery, Employment and Stability Programme for Ex-Combatants and Communities in Timor-Leste (RESPECT), supported by UNDP, aims to provide employment opportunities to the most vulnerable groups of society. United Nations agencies continue to promote further returns of East Timorese from Indonesia, and to assist those who have come back to the country, among other things reuniting children with their families. The Office of the United Nations High Commissioner for Refugees (UNHCR), despite the phase-down in its operations, remains committed to working with the national authorities to develop appropriate domestic legislation and institutions to meet the needs of returnees. UNHCR will also work with authorities to ensure that East Timorese remaining in Indonesia have

access to Indonesian citizenship, including non-discriminatory access to registration and national identity documents.

56. The United Nations system is also supporting the Transition Support Programme, which focuses on poverty reduction, governance, capacity-building, expenditure and policy management and private sector development. In keeping with the linkage established by the National Development Plan between infrastructure rehabilitation and national development, there has been significant progress in the rehabilitation of Timor-Leste's electricity supply, Dili Port, and the national roads. Other efforts include support for the compilation of the first national census, the protection of national heritage and architecture and the establishment in Dili of a national culture centre and a community science centre. The United Nations Educational, Scientific and Cultural Organization and other relevant agencies continue to assist the Government in improving school curricula and providing training, in particular on sciences, health and the environment.

57. With the support of the United Nations system and development partners, the Government convened a conference on 26 and 27 March in Dili on achievement of the Millennium Development Goals. Timor-Leste plans to submit to the United Nations its country status report on the Millennium Development Goals during its independence celebration in May 2003.

IV. Financial aspects

58. My budget proposal for the period from 1 July 2003 to 30 June 2004 (A/57/689), prepared in accordance with my downsizing plan for the Mission (S/2002/432) has been submitted to the General Assembly. In view of the adoption of Security Council resolution 1473 (2003), a revised budget which reflects changed requirements for the period will be submitted to the General Assembly for its consideration during the main part of the Assembly's fifty-eighth session.

59. As at 28 February 2003, unpaid assessments to the special account for UNTAET/UNMISET for the period since the inception of the Mission amounted to $118.0 million. The total outstanding assessed contributions for all peacekeeping operations at the same date amounted to $1,921.6 million.

V. Observations and recommendations

60. Much has been achieved in the year that has elapsed since the establishment of UNMISET within an independent Democratic Republic of Timor-Leste. Building upon the foundations laid during the United Nations Transitional Administration in East Timor, the Timorese public administration and police force are assuming increasing levels of responsibility, with growing confidence. The relations between Timor-Leste and Indonesia have continued to develop and there has been significant progress towards the determination of their joint border and sustainable arrangements for its management. Much remains to be done, however, and continued assistance by the international community will be crucial to enable Timor-Leste to confront with success the serious political, practical and security challenges that lie ahead.

61. It is clear that further bilateral efforts will be necessary alongside and after the contribution of UNMISET, in such areas as specific sectors of civilian administration; judicial process to deal with serious crimes committed in 1999 and other human rights capacity-building activities; the continuing development of a non-political, professional police force; and defence and security cooperation. I urge the Governments of countries where those accused of serious crimes may be located to make every effort to ensure that such persons are brought to justice. Continued traditional development assistance will also be required.

62. It is essential that the international community make a renewed effort to meet these needs, and to enable the country's leaders to pursue their efforts to build democracy and protection for human rights, peace and cooperation with their neighbours, and economic development with social solidarity and equity.

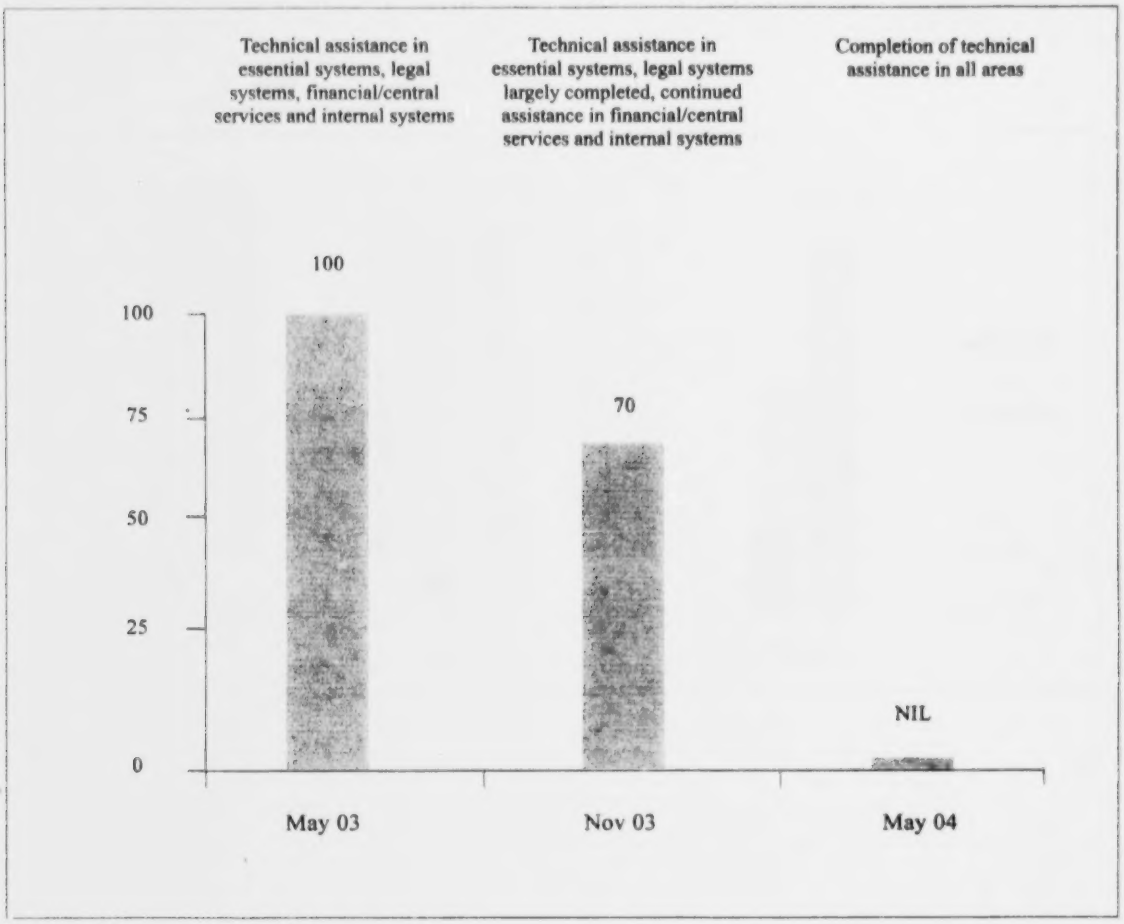
63. In the context of its progressive downsizing, UNMISET has established a mission liquidation task force under my Special Representative to help formulate recommendations for consideration in due course by the appropriate bodies.

64. By adopting resolution 1473 (2003), the Security Council showed that it remains determined to provide the support required for the long-term success of Timor-Leste. The Security Council may wish to once more demonstrate its commitment to completing the tasks that have been advanced so far in Timor-Leste by deciding to extend the mandate of UNMISET for a further year, until 20 May 2004. The civilian, police and military components of the operation would continue to discharge the tasks outlined in the mandate implementation plan for UNMISET, within the modified downsizing schedules reflected in the present report; the proposed strategy for the military component is described in paragraphs 38 to 51 above. In accordance with the Security Council's emphasis in resolution 1410 (2002) on the critical importance of cooperation with Indonesia, the UNMISET office in Jakarta would continue to facilitate the operation's communication with the Indonesian authorities, while contributing to the development of relations between Indonesia and Timor-Leste.

65. I should like to pay tribute to the dedicated efforts of my Special Representative and the civilian, military and police components of his team, including the United Nations Volunteers who have made an exceptional contribution to the work of UNMISET; and to convey my deepest sympathy to the families of those peacekeepers who lost their lives in Timor-Leste over the past six months.

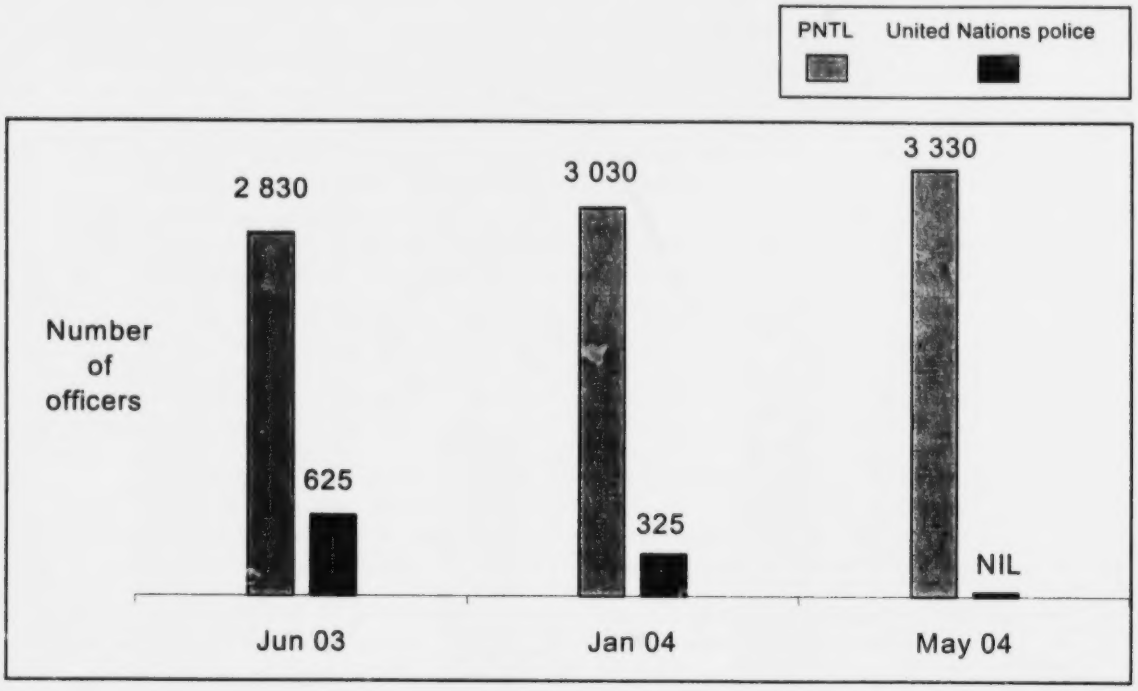
Annex I

United Nations Mission of Support in East Timor Civilian Support Group



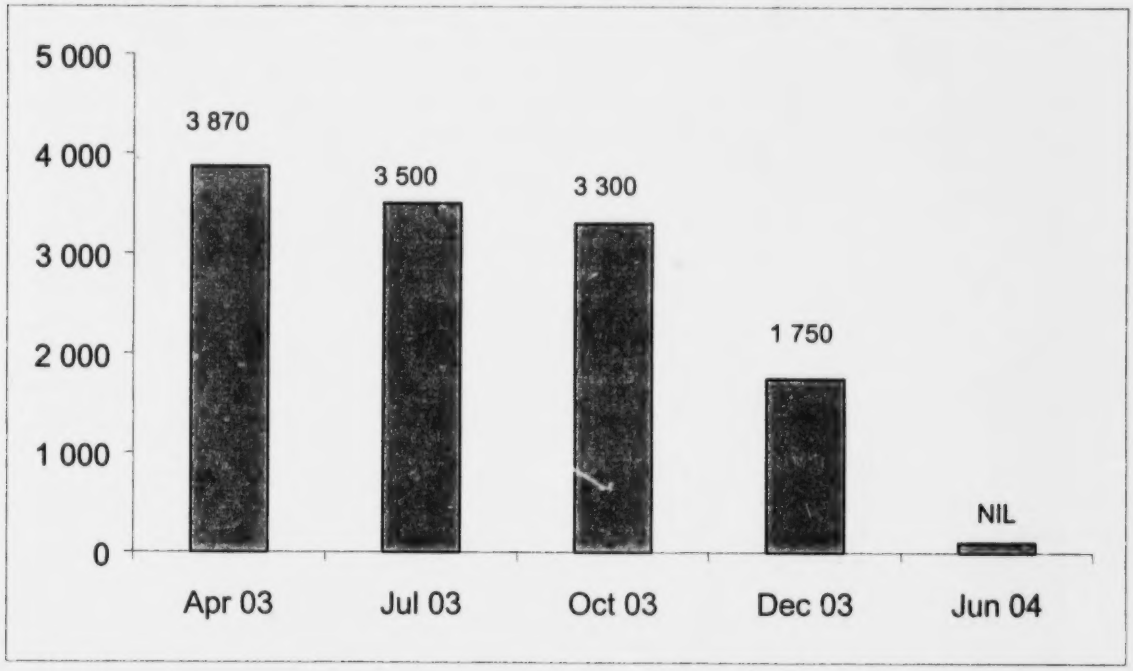
Annex II

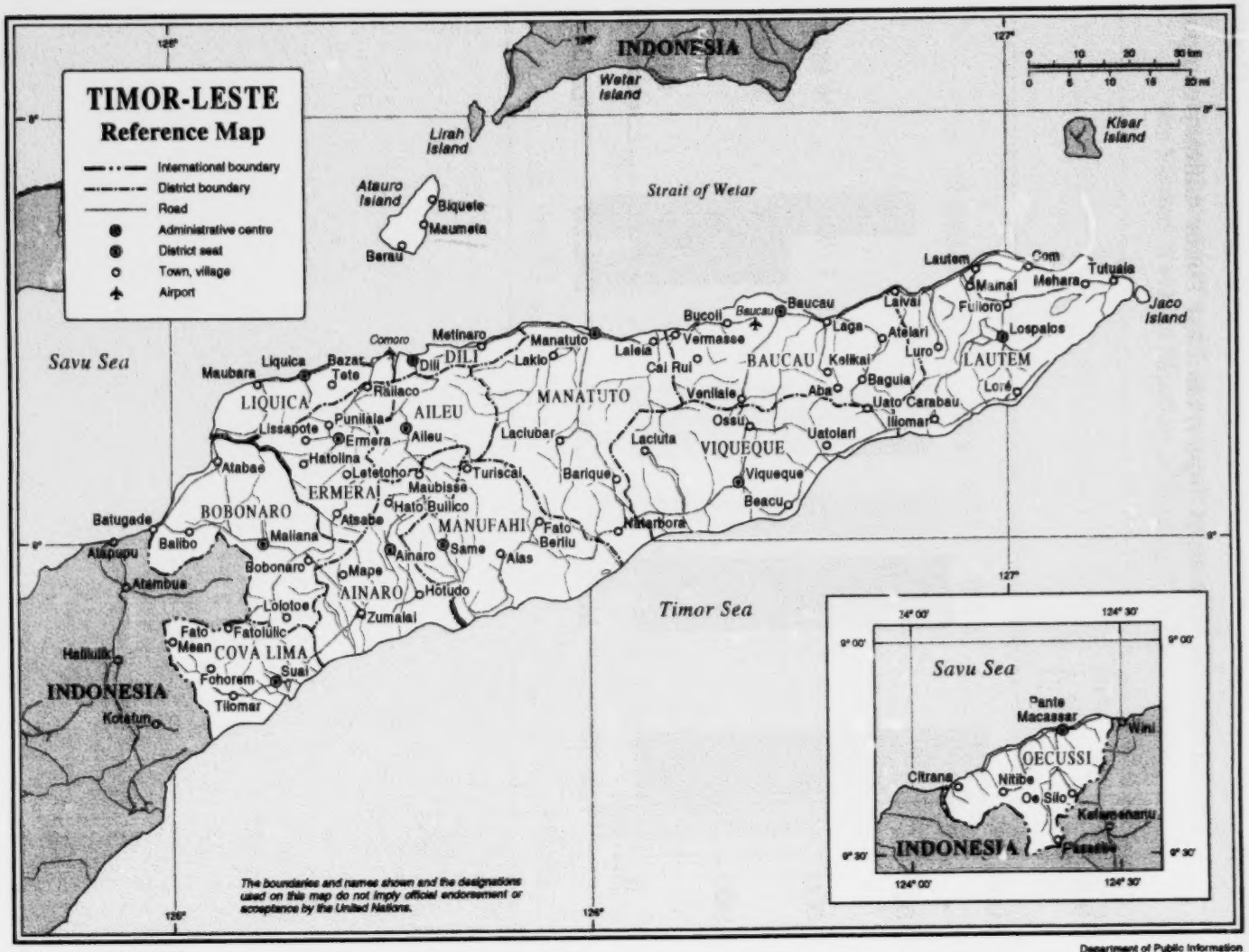
United Nations and Timor-Leste police strength during the United Nations Mission of Support in East Timor



Annex III

United Nations Mission of Support in East Timor military component





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